

HOUSE BILL REPORT

SSB 6340

As Reported by House Committee On:
Capital Budget

Title: An act relating to water system acquisition and rehabilitation.

Brief Description: Providing for a water system acquisition and rehabilitation program.

Sponsors: Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Rockefeller, Morton, Sheldon, Swecker, Hobbs, Berkey and Kilmer).

Brief History:

Committee Activity:

Capital Budget: 2/26/08, 2/29/08 [DP].

Brief Summary of Substitute Bill

- Establishes the Water System Acquisition and Rehabilitation Program (WSARP) in statute.
- Requires the Department of Health, in consultation with the Public Works Board, to report on the WSARP and make recommendations regarding strengthening the program and increasing financial assistance provided through the program.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass. Signed by 20 members: Representatives Fromhold, Chair; Ormsby, Vice Chair; Schual-Berke, Vice Chair; McDonald, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Appleton, Blake, Chase, Eickmeyer, Flannigan, Hankins, Hasegawa, Kelley, McCune, Orcutt, Pearson, Pedersen, Sells, Skinner and Smith.

Staff: Nona Snell (786-7153).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Water System Acquisition and Rehabilitation Program (WSARP) provides grants to municipal water systems to acquire and rehabilitate water systems that have water quality problems or deteriorated infrastructure.

Grants may be used to pay for a portion of planning, design, and other pre-construction activities, system acquisition, and capital construction costs. Applicants with sound drinking water utility management that own at least one municipal Group A public water system are eligible for funding, including counties, cities, and special purpose districts.

The WSARP is jointly administered by the state Department of Health (DOH), the Public Works Board (PWB), and the Department of Community, Trade and Economic Development (DCTED).

The program is not established in statute, but funding for the program has been provided through the following Capital Budget appropriations:

- 2003: \$4 million was appropriated. Twenty-eight water systems were acquired and rehabilitated with the funds.
- 2005: \$2 million was appropriated. Twelve water systems are in the process of being acquired and rehabilitated.
- 2007: \$3.75 million was appropriated, including \$1 million for the City of Republic to acquire a water system. Additionally, 14 water systems will be acquired and rehabilitated.

The Drinking Water Revolving Loan Fund Program (DWRLF) provides loans to community and nonprofit non-community water systems for capital improvements that increase public health protection and compliance with drinking water regulations. The basic interest rate is 1.5 percent. The DWRLF program is jointly managed by the DOH and the PWB, in partnership with the DCTED.

Summary of Bill:

The WSARP is established. The DOH is required to provide grants for the acquisition of small water systems through the WSARP to the extent that funding is appropriated for this program. The WSARP is jointly administered by the DOH, the PWB, and the DCTED. The agencies are directed to adopt guidelines using the DWRLF program as a model. The DWRLF is also jointly administered by those same agencies. The WSARP grants may not exceed 25 percent of the funds allocated to the appropriation in a fiscal year.

The DOH, in consultation with the PWB, is required to report on the program by January 1, 2009, and to make recommendations regarding strengthening the program and increasing financial assistance.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) The PUDs, as water purveyors, are called upon to acquire systems with water quality problems. The PUDs need grants to cost-effectively acquire systems because they must charge rate payers increased rates to pay for the systems, but the grants allow for lower rates.

Currently, the state does not have a program to address water systems. A competitive program will allow for prioritization of water system projects.

(Opposed) None.

Persons Testifying: Bill Clarke, Washington Public Utility Districts Association.

Persons Signed In To Testify But Not Testifying: None.